

MIA International Accountants Conference 2022: Leading ESG, Charting Sustainability

at at-mia.my/2022/04/22/mia-international-accountants-conference-2022-leading-esg-charting-sustainability

April 22, 2022



The business conversation today is increasingly dominated by climate and environmental, social and governance (ESG) matters, and rightly so as sustainability risks have been identified as the top risks to business.

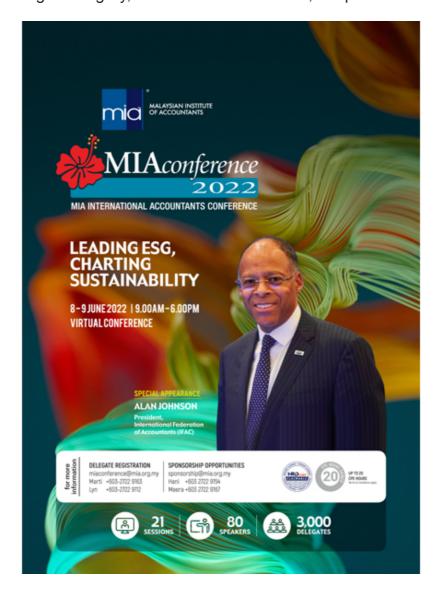
In early 2022, the World Economic Forum's latest Global Risk Report 2022 announced that climate inaction, extreme weather and biodiversity loss pose the top three global risks by severity over the next ten years. And in April 2022, the UN released the latest findings of the Intergovernmental Panel on Climate Change (IPCC) with IPCC scientists arguing that it's 'now or never' to limit global warming to 1.5 degrees.

In his reaction to the IPCC report, UN Secretary- General António Guterres warned that unless governments everywhere reassess their energy policies, the world will be uninhabitable. His comments reflected the IPCC's insistence that all countries must reduce their fossil fuel use substantially, extend access to electricity, improve energy efficiency, and increase the use of alternative fuels, such as hydrogen to curb emissions affecting global warming.

As partners and influential decision-makers at businesses and companies, accountants are set to play a global and leading role in climate change and sustainability in line with the International Federation of Accountants (IFAC) stance. "Accountants as business advisors and leaders must therefore position themselves to support organisations strategically in integrating ESG matters for long-term sustainability," stated MIA President Dr. Veerinderjeet.

Continuing professional education in climate change and ESG is hence essential to support accountants in developing the requisite competencies for leading sustainability. "To help upskill and future-proof members, the Malaysian Institute of Accountants (MIA) is proud to present the next chapter of the MIA International Accountants Conference, coming to you virtually for the second year on a high-tech meeting and exhibition platform that facilitates connectivity, learning and collaboration," said the MIA International Accountants Conference Director G. Shanmugam, who is also MIA Executive Director, Strategy & Development.

The second virtual MIA International Accountants Conference 2022 will be held from 8-9 June, with the theme `Leading ESG, Charting Sustainability'. "Focusing on ESG and sustainability from the perspectives of accountants, the MIA Conference 2022 advocates for the profession to adopt and integrate ESG issues such as climate change, and carbon reporting and sustainability into the business agenda, while harnessing technologies and digital tools, for long-term agility, resilience and relevance," emphasised G. Shanmugam.



Throughout the Conference, over 80 top subject matter experts and thought leaders will share their insights into carefully curated topics. Delegates can expect the following highlights and benefits, among others:

* Special Address by IFAC President Alan Johnson – Professional Accountants: Driving ESG for Sustainability

Speaking on the bigger picture, IFAC President Alan Johnson will discuss the global profession's strategic and values-based response to the climate crisis. In particular, Alan will emphasise how accountants can harness their unique strengths within their expert domain to engage business on ESG and climate change actions and drive more sustainable decision-making.

- * The Big Picture of Sustainability understand the major sustainability developments, what companies embarking on their sustainability journey can expect, as well as net-zero initiatives by government and regulators.
- * The Profession's Path to Net Zero understand the profession's role, required competencies and the roles of accountancy leaders in accelerating climate action at their organisations to achieve net zero, which refers to a state of equilibrium whereby the amount of greenhouse gases entering the atmosphere is balanced by their equivalent removal. Reaching net zero is critical because this is the pathway to halting global warming.
- * ESG-Related Developments in Financial Reporting and Non-Financial Reporting looks at global standards boards and their issuance of new guidelines on ESG disclosure in financial and non-financial reporting for climate change accountability and actionability.
- * **Tax Governance** as a driver for good governance and sustainability, through improved tax transparency and compliance and the mechanisms such as carbon taxes and tax incentives to incentivise net zero behaviour.

There will also be sessions on incorporating ESG risks into enterprise risk management frameworks and business models, the economic outlook beyond Omicron, enhancing data governance, understanding non-financial assurance engagements, aligning ESG with Shariah investments, impact of labour risks on supply chains and business performance, Public Sector environmental reporting, and strategies for reducing a business's carbon footprint.

By the end of the Conference, delegates will take away useful insights into ESG and sustainability that can be incorporated into their organisations for better business performance. At the same time, delegates will also be future-proofed and upskilled for a business landscape that is increasingly ESG-oriented.

Find out more <u>here</u>.

MIA Digital Month 2022

at at-mia.my/2022/03/01/mia-digital-month-2022

March 1, 2022



MIA has designated the month of March 2022 as the MIA Digital Month, signalling that digital transformation is imperative for the profession.

Throughout March 2022, members can look forward to the different digital-themed activities that are meant to inform and update members on the various MIA digital initiatives and the business case for digital adoption in organisations, finance functions and public practice.

Highlights of this virtual convention on the digitalisation of the profession include:

- Updates on MIA's digital initiatives
- Sharing of success stories of digital technology adoption by companies and organisations
- Sharing of relevant technology trends that impact the profession
- Updates on funding options available for digital transformation specific to the profession
- The grand finale, whereby MIA's Digital Month will culminate in MIA's annual AccTech Conference which is hyperfocused on the strategies, tools and technologies that support the profession's unique digital adoption needs.

During the Digital Month, there will be sharing sessions by a line-up of experts who will be speaking on the following topics:

- Leading the Digital Transformation of the Accountancy Profession in Malaysia
- SME Digitalisation Grant and Smart Automation Grant
- Entering The 5G Era

- Future Relevance of CFOs
- Developing a Technology Adoption Strategy is Crucial for Small and Medium Practices (SMPs)
- Case Study: Technology Adoption by SMPs

MIA hopes that members will be able to invest 1 to 1.5 hours weekly in March to spur your digital development and increase your future relevance in an environment that is becoming hyperdigital.

To learn more about MIA Digital Month 2022 and the MIA AccTech Conference 2022, please click <u>HERE</u>.

Audit Committee Conference 2022: Beyond Effectiveness: Governance, Sustainability and Agility

at at-mia.my/2022/04/27/audit-committee-conference-2022-beyond-effectiveness-governance-sustainability-and-agility

April 27, 2022



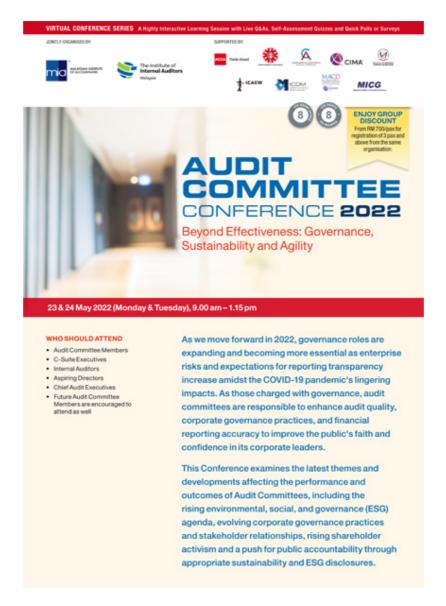
Good governance is becoming an increasingly important priority as organisations contend with higher enterprise risks and expectations for reporting transparency, driven by sustainability, climate change and COVID-19 concerns.

As those charged with governance, audit committees are in the frontline of risk management. The onus is on audit committees to enhance audit quality, corporate governance practices, and financial reporting accuracy to improve organisational reputation and thereby build public confidence and trust.

With the theme of **Beyond Effectiveness: Governance, Sustainability and Agility,** the Virtual Audit Committee Conference 2022 jointly organised by the Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors Malaysia (IIAM) focuses on the latest developments affecting the performance and outcomes of Audit Committees.

Over the course of two half-days, delegates can expect to hear from top subject matter experts on the following highlights:

* Beyond Effectiveness: Governance, Sustainability and Agility – Review the fundamental importance and optimisation of the governance structure which ultimately determines how the firm conducts everyday operations, its perception in the marketplace, and the value it provides to stakeholders.



- * The Future of Governance: Agility & Accountability Discuss the current and prospective issues affecting good governance and how organisations can move forward to enhance the agility and accountability of their governance mechanism.
- * Tax Governance: The Oversight Strategy In addition to their usual remit, audit committees must be able to provide competent oversight of tax policy and developments in the dynamic global tax landscape. This session recommends that audit committees enhance their Tax Governance by complying with regulatory developments, building strong tax leader relationships, and relying on tools such as Key Performance Indicators, Resourcing and Reporting Structures, Risk Assessment & Risk Appetite.
- * Pandemic Proof Sustainability: The AC Perspective Supply chain disruption is a major challenge for companies post-COVID-19. This session looks at how the audit committee can engage with their board, other committees, and management to understand and manage the comprehensive and material risks affecting their supply chains and business outcomes.
- * Strategic Alignment: Internal Audit Reformation Discusses how the internal audit function can instil reforms to improve the relevance and value add of audit, in response to evolving expectations by the Audit Committee and Management. Key to transformation

and driving customer satisfaction is for internal auditors to elevate their thinking from a pure micro level (focussing on individual risks, compliance obligations, and governance requirements) to a macro level (assessing impacts on the holistic frameworks for compliance, risk, and governance).

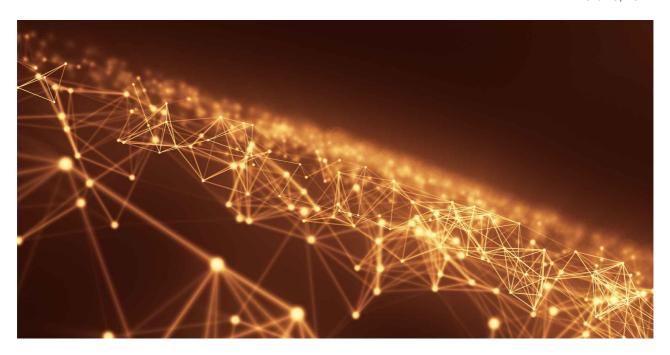
- * Enhancing ESG Oversight Assesses the role and responsibilities of Audit Committees in addressing ESG concerns and issues. Demonstrates how the internal audit function can step up as ESG advisors, by identifying and mitigating diverse ESG risks which range from climate change to diversity, equity, and inclusion (DEI) issues, enhancing continuous monitoring processes and internal controls, and providing the assurance needed for trustworthy ESG disclosures.
- * Championing Risk Oversight in Challenging Times Addresses the need to ensure that the risk oversight function is sufficiently defined and effective, and that regular review is being conducted to keep up with new challenges such as ESG and COVID-19 impacts. It is critical that the board understands and influences management's risk identification, risk assessment, and risk monitoring methods for robust risk oversight. The board should also clearly define which risks should be frequently considered by the whole board and which risks should be delegated to a board committee, such as the Audit Committee.
- * Annual Transparency Report: Enhancing Governance through Rigorous Auditor Engagement Looks at the role and relevance of the Annual Transparency Report (ATR) prepared by audit firms, which provides information on legal and governance structures of firms, measures taken to uphold audit quality and manage risks, and measures of audit quality indicators. This session looks at how audit committees can leverage on the ATR to evaluate the appointment and reappointment of external auditors while identifying and addressing related audit risks.

Click here to learn more about the Virtual Audit Committee Conference 2022.

Taming the Technology Tiger: A Beginner's Guide for SMPs (Part 1)

at at-mia.my/2022/03/09/taming-the-technology-tiger-a-beginners-guide-for-smps-part-1

March 9, 2022



By Johnny Yong & Jenny Chua

With the launch of the Malaysian Institute of Accountants' (MIA) Digital Technology Blueprint in 2018, MIA has since been advocating firms, especially SMPs, to invest in technology as part of the strategic business transformation agenda of the profession. This is not purely a fad as IFAC has also been promoting investment in technology to global SMPs to move ahead, post-pandemic. Please refer to the IFAC's Practice
Transformation Action Plan – A Roadmap to the Future if you are interested to know more.

Can these Investments Really Make a Difference?

Based on a recent Harvard Business Review survey, many global chief executives highlighted the struggle to meaningfully differentiate their businesses from that of competitors in light of these digital investments, many of which were made to "keep up" with the rising table stakes of digital adoption. While 56% of executives responding to the PwC US Cloud Business Survey 2021 saw the cloud as a strategic platform for growth and innovation, 53% of companies in the same survey felt that they did not realise substantial value from their tech investments.

This may well be the case for Malaysian SMPs too and goes to explain why firms are reluctant or unwilling to invest in technology in a meaningful way.

In a benchmarking exercise amongst MIA member firms conducted in 2019, many high performing firms were embracing technology and change for the betterment of both firm and clients. However, amongst firms that have invested heavily in technology over the past few years (ranging from 4% to 8% of total revenue), some firms did not fully utilise tools that could drastically reduce the costs of compliance and improve client service. This lag is typically caused by a combination of factors within a firm, some of which can be summarised as the absence of appropriate reviews as to the suitability of existing processes to work in harmony with the new technology and users' mindset towards the urgency for change at all levels within the firm.

In addition, as pointed out by MIA Past President Mr. Huang Shze Jiun in a recent newspaper article, most SMPs are already being pushed to the edge, cashflow-wise, during the COVID-19 pandemic. Turning these concerns about investing in technology around, however, requires a paradigm change. For a start, practitioners should review every major technology investment in their firms and initiate critical questions such as:

Is it possible to realise twice the value in half the time? If not, what is my next best option?

How do I measure the return of this investment over a certain period or timeline?

The end goal is not to aim for a value realisation within half the time, although that would be impressive. However, an honest response to the questions above may help SMPs to start investing in technology whilst avoiding costly investments that require great adaptation to new ways of working yet do not assist firms to differentiate themselves in a meaningful way.

The dialogue that ensues after asking these questions would provide the momentum for the practitioners to take action outside of their comfort zone. The key here is to focus on the outcomes with technology as the enabler, although other non-tech related solutions are possible too. More importantly, the following questions have to be answered:

Are the outcomes arising from the tech investment properly defined in support of a clear value proposition to the marketplace?

Is there a convincing narrative that the firm can share with current as well as prospective clients? Will the technology investment eventually create incremental value and help differentiate your firm amongst your peers?

Unfortunately, in many instances, the answer to the above questions is No.

In the next part of this article, six essential factors for SMPs to consider when shaping their technology agenda will be further discussed. After thoroughly working through the six essential factors before engaging in any significant tech-related project, SMPs will be better prepared to tame the technology tiger by taking on the technology investments that focus on the outcomes that matter the most and raising the returns on those investments.

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Reminder to Practitioners and Audit Firms – New Quality Management Standards (ISQMs) – ISA 220 (Revised), ISQM 1 & ISQM 2 will be effective from 15 December 2022

at <u>at-mia.my/2022/03/07/reminder-to-practitioners-and-audit-firms-new-quality-management-standards-isqms-isa-220-revised-isqm-1-isqm-2-will-be-effective-from-15-december-2022</u>

March 7, 2022



By MIA Practice Review Department

The Practice Review Department (PRD) wishes to remind practitioners and audit firms in Malaysia that the International Auditing and Assurance Standards Board (IAASB) has approved three (3) new quality management standards, which will be effective from 15 December 2022. The standards, namely International Standards on Quality Management (ISQMs) which encompass ISQM 1, ISQM 2 and the International Standards on Auditing, ISA 220 (Revised), aim to achieve a more robust System of Quality Management for firms using the IAASB's standards and mark an evolution from a traditional, more linear approach to quality control. The new standards introduce a robust, scalable, and proactive approach to audit quality management which is central to ensuring trust and sustainability in the audit profession.

There are eight (8) components of ISQM 1 and unlike the elements of extent of ISQC 1 that appear disconnected from one another, the 8 components in ISQM 1 are designed to be highly integrated. The 8 components are Governance and leadership, the firm's Risk assessment process, Relevant ethical requirements, Acceptance and continuance of client relationships and specific engagements, Engagement performance, Resources, Information and communication, and Monitoring and remediation process.

While ISQM 2 applies to all engagements for which an engagement quality review (EQR) is required to be performed in accordance with ISQM 1, ISA 220 (Revised) focuses on quality management at the audit engagement level and requires the audit engagement partner to actively manage and take responsibility for the achievement of quality, especially through sufficient and appropriate involvement throughout the engagement and adherence to the firm's policies or procedures and the requirements of ISA 220 (Revised).

Recognising that considerable time and effort will need to be deployed into understanding, analysing, designing and implementing a system of quality management that is in compliance with quality management standards, the PRD advises firms and practitioners to start early to avoid any last-ditch attempt or even worse, not complying with the standards when they come into effect. To this, the practitioners and audit firms can refer to the non-authoritative **First-Time Implementation Guide** published by IAASB in June 2021, Sept 2021 and February 2022 respectively for all the three (3) new ISQMs to further understand their application and help practitioners and firms successfully plan and implement the standards by the effective date of 15 December 2022. While there are various examples given in their publication, IAASB also highlighted that the said publication is not meant to be exhaustive, does not amend or override the international standards and does not substitute for reading the ISQM 1, ISQM2 and ISA 220 (Revised).

We have also summarised below the **significant changes** arising from the new Quality Management Standards (ISQMs):

→ ISQM 1						
Introducing a risk-based approach focused on achieving the quality objectives	Expanded resources	Improving information and communication	Proactive monitoring of the system as a whole, and timely and effective remediation	Evaluating the system of quality management on an annual basis	Addressing the use of networks	
→ ISQM 2						
Extended scope of engagement subject to EQ reviews		Enhanced eligibility criteria for EQ reviewers		More robust performance and documentation requirements		
→ ISA 220 (Revised)						
Modernising ISA 220 for an evolving environment	Engagement team may depend on the firm's system of quality	Clarifying engagement partner responsibilities	Managing and achieving quality at the engagement	Professional skepticism is central to quality management	Resources	

^{*} All 3 standards include consideration for scalability to cater for firms of all sizes.

Conclusion

The clock is ticking, and it is never too early for the practitioners and firms to prepare for or update the new requirements on the quality management (QM) standards as the PRD will commence the review on the effective implementation of ISQMs effective 1 January 2023. It is inevitable that firms may have been facing and making various changes in past years or more due to the COVID-19 pandemic which requires time and cost investment, including implementation of these QM standards. However, in the long run, the benefits of implementing ISQMs will far outweigh the costs.

Indirect Tax Conference: Voluntary Disclosure and Amnesty (VA) Programme and Impact on Risk Management for Businesses

at <u>at-mia.my/2022/04/13/indirect-tax-conference-voluntary-disclosure-and-amnesty-va-programme-and-impact-on-risk-management-for-businesses</u>

April 13, 2022



As the regulator and developer of the accountancy profession, MIA emphasises strongly on tax governance, tax compliance and "paying the right tax" to support sustainable nation building.

As such, MIA is organising the inaugural virtual **Indirect Tax Conference 2022** which will focus on the Voluntary Disclosure and Amnesty (VA) Programme and Impact on Risk Management for Businesses.

The VA Programme was announced by the Royal Malaysian Customs Department (RMCD) in December 2021 to take effect from 1 January 2022. VA is intended to encourage businesses to come forward and declare any indirect taxes, duties, or levies that have been underpaid or inaccurately reported, as well as to voluntarily settle any outstanding debts without dispute with the RMCD, thereby improving tax compliance and governance.

The Conference will also cover the guidelines and frequently asked questions (FAQ) that have been issued to guide businesses on managing their indirect tax liabilities i.e. sales tax, service tax, import duty, export duty, excise duty, GST, tourism tax and departure levy.

Tax practitioners, directors and senior finance and accounting personnel are encouraged to join this Conference, which will highlight the common issues shared by various sectors in relation to the VA programme and the VA's projected impacts on risk management and ESG implementation.

The following are the highlights of the Conference:



OVERVIEW OF VA PROGRAMME ON INDIRECT TAXES – RMCD representatives will explain the VA Programme on Indirect Taxes, including its scope and benefits

WHAT SHOULD BUSINESSES DO BEFORE, DURING, AND AFTER AN RMCD

AUDIT? – Looks at the different opportunities offered by the VA programme for businesses that have not undergone a tax audit as opposed to businesses that have been audited and those that are presently undergoing an audit. This session applies the rules to these different scenarios so that participants can better understand the benefits and application of the VA programme.

IMPACTS ON BUSINESSES AND THE WAY FORWARD – This panel discusses how businesses could benefit from the VA programme, and what to expect post-VA.

MANUFACTURERS, BE READY: COMMON ISSUES FACING THE INDUSTRY – Assesses the potential issues that could affect manufacturing companies in complying with the VA Programme and how to mitigate them.

SERVICE SECTORS, TAKE HEED: COMMON ISSUES FACING THE SEGMENT — Highlights the changed scope of taxable services since the introduction of service tax in 2018 along with common compliance issues for service businesses and their possible solutions.

ATTENTION, INTERNATIONAL BUSINESSES: COMMON ISSUES FACING IMPORTERS AND TRADERS – Shares insights on the issues posed by the VA
Programme for international businesses, especially in connection with importing and trading

COMMON PITFALLS IN MEETING EXEMPTIONS CRITERIA, AND OPPORTUNITIES FOR RECTIFICATION UNDER THE VA PROGRAMME – Highlights the common oversights in the use of exemptions and the solutions. Given the transactional nature of indirect tax regimes, exemptions are used on a daily basis by many businesses not as a tool for relief but as a mechanism for tax to operate. Interestingly, the criteria to qualify for many of these exemptions are not stated in the approval letter but in the law, hence causing many businesses to overlook them.

ACTION PLAN FOR BUSINESSES: HOW DOES THE VA PROGRAMME FIT INTO RISK MANAGEMENT AND ESG? — discusses how the VA Programme could enable companies to integrate risk management and the ESG agenda into their business for improved long-term sustainability.

To find out more on the Indirect Tax Conference, visit https://bit.ly/3jjrAHP.

Transfer Pricing Conference 2022

at at-mia.my/2022/04/08/transfer-pricing-conference-2022

April 8, 2022



Do you need to know more about the latest developments in Transfer Pricing (TP) regulations, specifically Section 113B and Section 140A(3C) of the Income Tax Act 1967 (ITA 1967)?

MIA is organising the Transfer Pricing Conference 2022 to provide guidance for taxpayers who are navigating an increasingly complex and challenging TP landscape. Given the constant changes in tax legislations locally and globally, it can be arduous to ensure that proper measures are taken to ensure compliance with the TP rules at all times.

To make matters more challenging, the Inland Revenue Board of Malaysia (IRBM) is increasingly vigilant in examining taxation matters including TP. Therefore, taxpayers are advised to be diligent and responsible in complying with the latest TP laws and regulations and ensuring that any changes in the TP mechanism are supported with proper documentation and evidence.

To better understand the changes and impacts, do make time for the virtual "Transfer Pricing Conference 2022" with the theme of Ensure Greater Compliance with Transfer Pricing Regulations.

At the TP Conference, participants will get relevant updates on the latest developments in TP regulations, specifically Section 113B and Section 140A(3C) of the Income Tax Act 1967 (ITA 1967). Note that these sections have introduced criminal liability for failure to maintain contemporaneous TP documentation and the imposition of a surcharge on all TP adjustments arising from preparing an incorrect return, irrespective of whether there is tax payable on the adjustments.

So don't miss out. Come join our expert speakers ranging from tax authorities to recognised tax practitioners who will share their critical insights, guidance, and best practices on the following key topics:

The Arm's Length Principle in Transfer Pricing



Discusses the application issues in determining the arm's length price i.e. the appropriate methods to be applied in a particular set of circumstances and the potential issues arising which may be challenged by the IRBM.

The Profit Split Methodology

Addresses the transactional profit split method and its technicalities, approaches, benefits, and risks.

TP Documentation and How to Comply with TP Guidelines

Focuses on tightened TP compliance requirements introduced under Section 113B of the ITA 1967, with effect from 1 January 2021. The TP documentation should be made available within 14 days upon request by the IRBM and applies to TP audit cases which have commenced on or after 1 January 2021.

• IRBM's Strategies, Actions and Experiences in TP Audit or Investigation (Panel Discussion)

Explains the IRBM's purpose in conducting TP audits to ensure that taxpayers have complied with TP Rules and Guidelines. Offers an in-depth understanding of why taxpayers are subject to TP audits, the preparations to be made and how to mitigate the

risk of being selected for TP audit or investigation.

• TP of Intragroup Financial Transactions

Focuses on intragroup financing and documenting of financial assistance pricing policy. Intragroup financing is a service between associated persons which falls under Section 140A(2) of the ITA 1967, in the form of financial assistance that include loans, interest bearing trade credits, advance or debt and the provision of any security or guarantee.

• Effective Management of TP – TP Dispute Against the IRBM (Panel Discussion)

Provides guidance on management of TP disputes even before a dispute is raised and adoption of best practices for effective management of TP.

Impact of the OECD's Two Pillars on the Local TP Regime

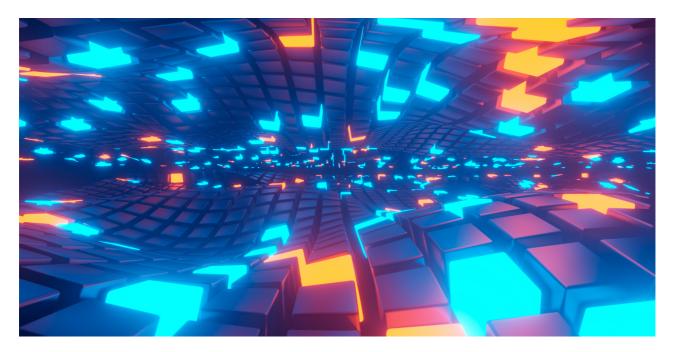
Discusses the introduction of BEPS 2.0 (Pillar One and Pillar Two), in particular Pillar Two which is commonly known as the Global Minimum Tax proposal. Pillar Two provides an opportunity for Malaysia to re-assess its non-tax factors and strive harder to ensure that it remains a favoured destination for investments.

To find out more, <u>click here</u>.

Taming the Technology Tiger: A Beginner's Guide for SMPs (Part 2)

at at-mia.my/2022/03/11/taming-the-technology-tiger-a-beginners-guide-for-smps-part-2

March 11, 2022



By Johnny Yong & Jenny Chua

Six Essential Factors When Shaping the Technology Agenda

How do you then shape the technology agenda of your firm to build the right capabilities and deliver outcomes that fuel your firm's competitive advantage? Since most SMPs are running on a tight operational budget, here are six essentials to consider in delivering the firm's differentiated results over time:

1 Linking the technology to a clear value proposition

Some questions to ask: What is the unique value proposition the firm is creating for clients and other stakeholders? What are the few things the firm needs to be great at in order to deliver that value? Can technology assist the firm to excel at those differentiating capabilities and what are the capabilities? Having clear and concise answers to these questions will help SMPs to prioritise outcomes and technologies that advance the firm's unique value proposition as compared to piecemeal tech upgrades that are not integrated into the way the firm actually operates.

2 Balancing investments across the technology spectrum

Not every problem needs a complex technology solution. Often the best solution requires a multi-pronged strategy, i.e., leveraging on big technology platforms with simpler "small tech" automation and processes, new policies, and even staff behavioural changes. The

key is to have a portfolio of solutions that delivers outcomes faster and cheaper wherever and whenever possible, and to budget future funds to support bigger investments that can deliver more pervasive and comprehensive transformation.

Be selective on what to innovate versus integrate

Whilst the bigger aim is to create amazing outcomes for clients, SMPs do not have to perform everything in-house or produce their own unique solutions. Opportunities for innovation are rapidly growing as tech companies constantly bring new technological capabilities to the marketplace. Do not be afraid to integrate or leverage on technologies currently offered by others. Customise and innovate only when it leads to true competitive differentiation — and more importantly, where that differentiation is something clients are willing to pay for. This is where the measurement of return on investment will make the most business sense.

Aligning the firm's operating model to achieve a desired outcome

Delivering a desired outcome will require more than just systems implementation. It will take changes in roles, processes, policies, workflows, skills, incentives, behaviours, and data. Especially for bigger investments, the firm will probably discover that having a multi-disciplinary team is critical in shaping the outcomes targeted by technology while realising the full value of the investment. These outcome-oriented teams bring together the right skills and talent from within the organisation and focus on clear deliverables that drive value for the benefit of clients.

Getting the right team at the right size from the start is paramount, although assembling such internal talent to handle the technology transformation can be challenging and daunting for smaller SMPs due to an inherent lack of staff (one solution is to consider outside support). It is also important to ensure that the knowledge, built over time within the said team, is retained through documentation. We have often heard about technology that was adopted by the firm and subsequently abandoned, simply because the people conversant with it were no longer working there.

5 The dynamics of technology and staff

There is an adage that working with people is always the most difficult task. Unfortunately, it is true to some extent. Engaging people who will be using the new technology and upskilling them will be one of the most challenging and time-consuming tasks of the firm, albeit the most critical.

Besides making people comfortable in using the technology, for example teaching them how to use remote working tools effectively, equally as important is getting people excited about working in the new way (such as being comfortable in managing and motivating their teams remotely). Working with people to change their daily activities and workflows with technology must be properly planned. In the course of implementation, they will

become accustomed to the underlying system. It is important to show employees what is in it for them, i.e., how this will enrich their jobs and allow them to connect to the mission and vision of the organisation.

Failure in technology implementation is often due to the inadvertent loss of the original narrative linking the tech investment to the firm's value proposition during the implementation process. Hence the right tone from the top of the firm's hierarchy must be constantly reinforced to perpetuate the right narrative.



6 Evaluating the business case for each investment

Most business cases for tech investments focus almost entirely on efficiency improvements such as headcount savings from performing tasks faster with less human intervention, or a reduction in the cost of doing business itself. Nevertheless, it is acceptable to be more ambitious and move beyond efficiency as the technology investment cycle intensifies. SMPs are encouraged to ask questions such as: "How will the investment change success in client acquisition and/or retention? How will it improve the firm's insights and help to better deliver the value proposition to clients?". Forthright answers will guide the firm through the next investment cycle as most tech investments will not be one-off.

Conclusion

As SMPs attempt to form a convincing narrative about the benefits of technology adoption (starting with the management of the firm and staff), the assembled team must eventually be held accountable for delivering that value to the firm. No longer should success be measured by whether the system "goes live," but by whether the investment drives a change in expected outcomes for clients and other stakeholders. Defining clear, factbased measures is not easy but without them, the firm is operating on a wing and a prayer, hoping for a positive rate of return on the back end of a technology bet.

After thoroughly working through the six areas above before engaging in any significant tech-related project, SMPs will be better prepared to take on the investment by focusing on outcomes that matter the most and raising the return on those investments (anything within three years is feasible). Making technology the new pulse of the firm's operations will fuel the practice forward, post-pandemic. A 2020 article from IFAC, "5 Steps to Consider When Making Technology Investments", provides additional guidance to SMPs on how to conduct a meaningful cost-benefit appraisal on technology investments and some of the pitfalls to avoid.

So SMPs, are you ready to take the plunge on technology? As you forge ahead in the new year, it is perhaps time to tame the tiger and take it home. All the best.

Johnny Yong is Head of Capital Market and Assurance of MIA's Professional, Practices and Technical Division. Jenny Chua is Head of Small and Medium Practices of MIA's Professional. Practices and Technical Division.

National Annual Corporate Report Awards (NACRA) 2022 Calls for Entries

at at-mia.my/2022/03/17/national-annual-corporate-report-awards-nacra-2022-calls-for-entries

March 17, 2022



The National Annual Corporate Report Awards (NACRA) 2022 has called for entries at the NACRA 2022 Virtual Launch. **The closing date for registration and submission of entries is 31 May 2022.**

Organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA), NACRA deems it important for organisations to deliver high-quality corporate reports that tell their unique value creation stories in order to support investors in their actionability and decision-making.

NACRA guides organisations to balance the disclosure of financial and non-financial information to show how they stayed agile and resilient to continuously create long-term stakeholder value. "This is what the market and investors are seeking from today's corporate reports. They expect a comprehensive yet concise, reliable, balanced, and comparable analysis that clarifies the enterprise's strategic focus and future directions, to facilitate their decision-making processes," said Ong Chee Wai, Chairman, NACRA 2022 Organising Committee in his welcome remarks.

As per past years, NACRA has assembled an independent panel of expert adjudicators who are well-versed with the latest issues and developments in business and markets, as well as corporate reporting and sustainability disclosures, commented Ahmad Zahirudin Abdul Rahim, Chairman, the NACRA 2022 Adjudication Committee in his remarks.

NACRA will assess companies' annual reports against their peers within the same tier of market capitalisation. "There are three different tiers of market capitalisation and participants will be sub-divided into the appropriate tier based on their organisation's



market capitalisation," added Ahmad Zahirudin.

To ensure that corporate reporting in Malaysia is up-to-date with the latest local and global developments, reporting frameworks and best practices, the NACRA framework and assessment criteria incorporates elements that, among others:

- Align with the latest Malaysian Code on Corporate Governance (MCCG), which was reviewed and updated in April 2021 to strengthen Board governance and integrate sustainability into business
- Emphasise on sustainability to encourage organisations to integrate ESG (environmental, social, governance) considerations into their business models and disclosures, including narratives on how they address climate change, net zero targets, labour rights violations and modern

slavery, to name a few key emerging risks.

 Facilitate investor demands for greater accountability and transparency on how the COVID-19 pandemic which continues to be ranked as a significant risk affects businesses and their prospects.

All public-listed and non-public-listed organisations as well as other organisations established in Malaysia are cordially invited to participate in NACRA. All organisations will compete for Excellence Awards according to market capitalisation for listed companies, with a separate category for non-listed organisations. All participants are also eligible to compete for the Best Sustainability Reporting and Best Designed Annual Report. Those participants who submit the Bahasa Malaysia version of their annual report will be eligible to compete for the title of Best Annual Report in Bahasa Malaysia.

NACRA was first established in 1990 by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) to inspire high quality corporate reporting in line with its perennial theme of "Towards Accountability and Excellence".

For registration or more information about NACRA 2022, please <u>click here</u> or contact the NACRA Secretariat at <u>nacra@mia.org.my</u>.

Announcement

at at-mia.my/2022/04/01/announcement

April 1, 2022



Malaysian Institute of Accountants ("MIA") is a statutory body established under the Accountants Act, 1967 ("Act") to regulate the practice of the accountancy profession in Malaysia.

It has come to MIA's attention that some persons/companies have been advertising, promoting or otherwise communicating to the members of the public in relation to the audit, accounting and/or taxation services, of which are part of the regulated services under the Act and the Rules made thereunder. Although these persons are not registered with MIA and are not in possession of a practising certificate issued by the MIA, these persons are nevertheless providing some or all of the aforementioned services:

Sunrise Value Services [201803223269 (002848802-T)], 16, Jalan BK 2/13B, Bandar Kinrara, 47100, Puchong, Selangor.

Accountorz Today Sdn. Bhd. [201601029383 (1200324-H)], 65-3A-1, Jalan Metro Perdana Barat 1, Taman Usahawan Kepong, 52100, Kuala Lumpur.

Stone Forest Malaysia Sdn. Bhd. [201301037725 (1067554-K)], Unit 38-01, Level 38, West Wing, Q Sentral, Jalan Stesen Sentral 2, 50470, Kuala Lumpur.

The members of the public are reminded that under the Act, no person can provide any of the aforementioned services unless the person is registered with MIA and possesses a practising certificate issued by the MIA. There could also be other firms and/or individuals that are not registered with MIA but provide similar services. To check if a firm or an individual is registered as a member, please contact our Membership Department at 03-27229000 or visit MIA's official website at www.mia.org.my.

Section 26 of the Accountants Act 1967 provides that "Any person contravening section 22 or 23 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding ten thousand ringgit or to imprisonment for a term not exceeding one year and on a second or subsequent conviction to a fine not exceeding twenty thousand ringgit or to imprisonment for a term not exceeding two years."

Interview to Become an Approved Company Auditor – The Myths and Facts

at at-mia.my/2022/04/11/interview-to-become-an-approved-company-auditor-the-myths-and-facts

April 11, 2022



By MIA Small and Medium Practices Department

Interested in applying to become an approved auditor under the Companies Act 2016 but concerned about not being able to pass the audit license interview? Then this article is for you.

Subsections (1) and (2) of Section 263 of the Companies Act 2016 state that "any person may apply to the Minister charged with the responsibility for finance to be approved as a company auditor for the purpose of this Act" and "the Minister may, if he is satisfied that the applicant is of good character and competent to perform the duties of an auditor under this Act, upon payment of the prescribed fee, approve the applicant as a company auditor."

As most aspiring auditors are aware, the application process to be an approved company auditor is not merely a registration process involving the filling up of application forms but entails undergoing an interview session with the **Committee for the Approval of Company Auditor** established by the Accountant General (AG), who has received delegated power by the Ministry of Finance (MoF) to approve the application of company auditors. Some pertinent information on the **Committee for the Approval of Company Auditor** is as follows:

• Composition of the Committee:

- Accountant General (AG) or AG's representative (Chairman)
- Representative from Suruhanjaya Syarikat Malaysia (SSM)

- Representative from Malaysian Institute of Accountants (MIA)
- Representative from Securities Commission (SC)
- Representative from Bank Negara Malaysia (BNM)
- Secretariat of the Committee is Unit Kawal Selia Juruaudit Syarikat dan Penyelesai, Bahagian Pembangunan Perakaunan dan Pengurusan (BPPP) from AG's office.

Scope of the Committee is:

- To ensure applicants fulfil the criteria of good character and are competent before approval as company auditors and
- To assess and decide on the fitness of the applicants through panel interview sessions.



Submitting your application

Should you be keen to apply to become an approved company auditor, the first step is to check and ensure that you have met all qualification requirements outlined by the AG (which are accessible at <u>AG</u> and <u>MIA</u> websites). The application form comes next, but before submitting your application through the <u>Business Licensing Electronic and Support System (BLESS)</u>, you should assess your readiness to sit for the interview in the event that you are called to attend an interview as soon as several days after the submission of your application.

It is a misconception that you will not be called for the interview within a certain period of time after the submission of your application. The AG's Secretariat may have allocated interview sessions one year in advance, but there is no specific timeline of when an applicant will be scheduled for an interview. Hence, it is crucial to ensure that you have prepared thoroughly for the interview at the time of your application.

It should be made clear that there is no preset level of difficulty for each interview session regardless of an applicant's auditing experience, as the interviewers are guided by the scope of the interview when they ask questions during the interview. However, by attending the interview unprepared, you may have inadvertently subjected yourself to unnecessary difficulty when attempting the interview.

Hence, regardless of whether it is the first interview or a subsequent attempt, it is worthwhile to consider the following information and tips in preparing yourself for the interview:

Before the interview

Browse through the regulators' websites for latest developments. It is expected of auditors to always keep abreast of recent updates and developments concerning the profession. This would also help you in anticipating questions that may be asked during the interview.

Scope of the interview. Each agency has a set scope of interview which basically covers major crucial and significant laws and regulations concerning the auditing profession. Knowing the scope would greatly facilitate your preparation. For the latest scope of the interview, please attend the Webinar/Seminar for Approved Company Auditors.

Take leave to study thoroughly, cover the entire interview scope and update your knowledge on practical issues. Avoid last minute preparation as you may be overwhelmed by the areas to be covered and the time and effort needed which may cause unnecessary nervousness during the interview itself. Furthermore, you could take this time to catch up with the latest accounting and auditing standards and relevant regulations relating to the profession.

Attend the Webinar/Seminar for Approved Company Auditors. Applicants are strongly encouraged to attend this seminar/webinar as representatives from AG, MIA, SSM, SC and BNM will be talking about the conduct of the interview, scope of the interview and tips on answering the interview questions. During the seminar, successful applicants are invited to share their experience and tips in passing the interview. To register for the seminar, please regularly check the MIA Professional Development micro website for details of the upcoming seminar.

Mock interview session. Seek assistance from a partner of the audit firm at which you work, your colleague, friend, or family member to conduct a mock interview session with you. Besides assessing your level of preparedness, this exercise could boost your confidence and subsequently reduce your nervousness.

Plan for the interview day. Once a date has been assigned, do keep in mind or plan for the interview by considering leave application, when to go to the interview location and what to wear. Such matters may appear trivial but sometimes even minor things can distract your focus before the interview itself.

During the interview

Now that you are ready to attempt the interview, here are several tips that you may apply during the interview:



Try to avoid getting emotional if you think you are unable to answer a particular question well as it may affect your confidence level. You will only know the results several days after the interview. Hence, avoid dwelling on a particular question for too long and try your best to attempt the rest of the guestions.



ASK TO REPEAT A QUESTION IF IT IS NOT CLEAR.

Sometimes by repeating questions, the interviewers would rephrase the questions to improve clarity, and this could work in your favor.



SIT UPRIGHT.

Do not slouch as it may affect the clarity of your voice and overall image and appearance.



Each interviewer will be allocated around 15 to 20 minutes. Therefore, if you do not know the answer, do not beat around the bush as the time spent could be used to answer other questions. Politely indicate that you are not sure of the answer so that the interviewer could move to the next question.

After the interview

A letter containing the results will be sent to you after the interview. Successful candidates will be given information on how to apply for the audit licence certificate, while unsuccessful candidates will be informed of the waiting period that will apply to them.

Passing Marks and Waiting Period for Subsequent Interviews

A candidate must pass all modules (i.e., MIA, SSM, SC and BNM) to obtain an overall pass to become an approved auditor. The passing mark is 60% for each module. Candidates would have to go through the entire application process again and be interviewed by the same panel consisting of MIA, SSM, SC and BNM, regardless of how many modules he or she failed.

However, for a candidate who failed marginally (50%-59%) in only one module, the candidate is allowed to re-attempt the failed module only, within three months from the date of the letter of results. Should the candidate fail the interview again, such a candidate will have to undergo a new interview process if he or she is determined to become an approved auditor.

Effective from January 2021, the waiting periods have been revised as follows:

Failed Module(s): 1 module only (Marginal failure 50-59%)	Failed Module(s): 1 module (Marks less than 50%)	Failed Module(s): 2 modules	Failed Module(s): 3 — 4 module
Waiting Period:	Waiting Period: 6 MONTHS	Waiting Period:	Waiting Period:
3 MONTHS		6 MONTHS	12 MONTHS

At the end of the day, although it would be great if you pass the interview at first attempt, if it does not turn out in your favour, do not give up. Keep up the effort to pass in the next attempt.

If you have further queries or feedback with regards to your application or interview session, you may drop an email to:

- Secretariat of the Committee at ukp@anm.gov.my
- MIA's Secretariat at smp@mia.org.my

Higher Education Strategic Financial Management Conference 2022

at at-mia.my/2022/04/04/higher-education-strategic-financial-management-conference-2022

April 4, 2022



Education: The Key to Sustainable Development

Educational institutions today must upskill in financial management to ensure their long-term business sustainability and survival. Like other sectors, their financial and cash flow challenges have been exacerbated by the COVID-19 crisis.

As strategic and finance leaders, the onus is on finance professionals in higher education to find innovative ways to balance budgets and funding in an environment that is being disrupted by rapid technological change and post-pandemic norms such as online and hybrid learning.

This Conference will share the new developments that are transforming the higher education sector while inspiring finance professionals in higher education to upskill across all relevant aspects of Business Financial Management. This includes acquiring new skillsets in sustainability and environmental, social and governance (ESG) as higher education institutions are expected to play a key role in advocating for sustainable growth especially in combating the climate crisis and other societal and communal challenges.

To deliver the new proficiencies required for a new age of ESG and sustainability, including business sustainability, MIA is organising the **Higher Education Strategic Financial Management Conference 2022** with the theme of **Education: The Key to Sustainable Development.**

Specially geared to the needs of finance professionals, the Conference will focus on the
following topics:

Sets the tone by sharing the big picture of the higher education sector.

Higher Education: Recent Trends, Emerging Issues and Future Outlook

Endowment in Higher Learning Institutions as the Essence of Financial Sustainability

Looks at how Higher Education Institutions (HEIs) can successfully attract and utilise endowment funds to enable their future sustainability.

This panel will discuss how HEIs can leverage on digital technologies to help develop a cluster of adept and agile talent who can contribute to Malaysia as an emerging cyber nation.

Opportunities and Challenges of Higher Education in Embracing IR4.0

How Is Blockchain Transforming the Higher Education Sector? Mostly associated with the trading of cryptocurrency, blockchain technology's largest disruption will be enabling people to learn whatever they want regardless of their respective ages, bypassing traditional education methods and spurring reforms in the educational field. This panel will discuss how HEIs can leverage on blockchain technology that will transform higher education as we know it.

Focuses on how HEIs can integrate ESG matters into their systems and syllabi while contributing to driving the global sustainability agenda. This looks at how staff and policymakers can deliver a new approach that is sustainability-oriented, from making changes in day-to-day operations to the core educational missions and civic role of the HEI.

Integrating ESG Into Higher Education

Indirect Tax Perspective: SST Implications on Distance Learning in a Digital World Explains how the Royal Malaysian Customs Department is increasingly using technology to improve compliance and focusing on indirect taxes as a source of revenue, and examines the prospective impact on higher education institutions' operations and tax strategies.

Discusses the emergence of value reporting and explores how the Sustainability Accounting Standards Board (SASB) standards serve as a complementary tool to the <IR> Framework, providing disclosure guidance for sustainability topics connected to enterprise value creation. The panel discussion will also highlight how Value Reporting will link the concepts between the <IR> Framework and SASB standards to enhance corporate reporting.

The Future of Corporate Reporting



Draws on Education Technology, Services and Research's experience working with universities during the pandemic, as well as social and psychological research, to help leaders avoid falling prey to crisis thinking. Instead, this session will share how leaders can build organisational resilience when faced with internal and external threats alike.

For more information, visit https://bit.ly/35wNCTG